



GOVERNOR ARNOLD SCHWARZENEGGER

April 17, 2006

Dear California Congressional Delegation,

As you know, the implementation of the Medicare Part D program has proven to be a significant challenge for the federal government and the numerous prescription drug plans providing services. While the federal government and the health plans continue to address the implementation problems we identified to the Centers for Medicare and Medicaid Services (CMS) soon after the program's roll-out, serious complications remain. This is why the State Legislature and I have committed already scarce state resources to fund a temporary State emergency program for Medicare Part D.

Recently, I found it necessary to extend California's emergency Part D program for another 30-day period through May 16th. I authorized this extension to make sure the federal government had enough time to implement and test all of the corrective actions they intend to make and give California beneficiaries the added protection of our emergency State plan.

Owing to the strong advocacy from all of California's elected officials, CMS implemented a waiver program to reimburse states for their emergency Part D costs. This reimbursement expired on April 1st for primary program costs and will end on May 6th for state administrative costs.

CMS will take corrective actions to resolve the incorrect enrollment of dual eligible beneficiaries in more than one Medicare Part D prescription drug plan on May 1, 2006. The corrective action proposed by CMS involves disenrolling all people enrolled in more than one plan. However, such a step effective May 1st is likely to cause confusion or disruption in this eligible population. Further, the Medicare Part D drug plans have ended their transition periods and are phasing in their prior authorization processes which will require patients, pharmacies and physicians to do extra work to obtain authorization for people's medications. The possibility of a major disruption of service early next month with limited information as to whether CMS and the health plans can handle the potential problems weighed heavily on my decision to extend the State's emergency program until May 16th.

California Congressional Delegation

April 17, 2006

Page two

Because CMS has not completed the corrective actions they identified as necessary, I am seeking your support in having CMS provide California with full reimbursement for our emergency Part D program costs through May 16th.

I remain concerned that CMS has not fully corrected some significant enrollment problems and that, to be cautious, California finds it necessary to extend our emergency program into the fifth month of federal implementation. This new federal prescription drug program has been a major undertaking and it required the active involvement of states like California to assist the federal government with unanticipated consequences.

My administration will continue to assist CMS in its efforts to fully and completely transition these Medicare beneficiaries to the new federal program as the Congress intended. Meanwhile I ask for your help in seeing that California's taxpayers be treated fairly in this process and receive reimbursement for these costs. I appreciate your ongoing commitment to ensure that California is compensated fairly during this transition, and I look forward to working with you to accomplish this goal.

Sincerely,

A handwritten signature in black ink, appearing to read "Arnold Schwarzenegger", written over the printed name.

Arnold Schwarzenegger